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Sent: Friday, May 02, 2014 8:15 AM

To: Bardini, Gary@DWR

Subject: FW: CUWA/CMUA Water-Energy Committee - Call Agenda and Work Plan

Gary, I hope all is well. This is to follow-up on the conversation we had with respect to the drought legislation and the appropriation of \$19 million for the DWR grant program which will fund the implementation of water efficiency programs or projects that reduce greenhouse gas emissions, and reduce water and energy use. We see that DWR will begin to conduct its stakeholder outreach. Here are some principles that we would like considered in the program development.

1) Projects to be submitted can be new projects that are not on an adopted IRWMP list.

Projects may include feasibility studies, assessments and calculations of embedded energy of supplies, and other planning efforts, as well as water conservation and water use efficiency projects, system re-operation, and other applicable resource management strategies identified in the IRWM Guidelines. (Rationale: these types of embedded energy- specific projects were not envisioned in the most recent IRWM GLs, thus regions are not likely to have such projects on their lists yet; if they do, they are likely to be at a smaller-scale local level. Some regions are just now undertaking the newly-required vulnerability analysis. Allowing new projects to be submitted would expedite grant awards and funding disbursement. If DWR determines that projects must be on an IRWM Plan list, additional time must be given to regions to undertake a call for projects and a prioritization process. This would add at least two-three months to the overall grant funding process. Attached is Table 7 from the GLs for examples of what DWR is looking for in the climate change sections of IRWMPs.)

2) Projects from regions representing the SWP service area (i.e., mainly export areas) will receive additional points/consideration. (Rationale: this funding is intended to reduce energy demands of large water conveyance systems.)

3) Additional points (number to be determined, but we could start at 10) are to be awarded to SWP Contractors submitting projects under this funding round that can demonstrate water and energy savings based specifically on embedded energy of SWP supplies. (Rationale: the customers of the electric utilities received relief from Cap-and-Trade costs and the customers of the SWP did not due to an oversight when the C -n-T program was designed. Encouraging the contractors to submit projects is an equity issue, but also provides benefits by reducing water and energy demand on the most upstream and energy intensive parts of the SWP system.)

4) Applicable requirements for this cap and trade round would be:

- UWMP
- AB1420
- AWMP
- AB3030

5) DAC credits as in Prop 84 (waive funding match, additional points for projects that assist DACs).

Thanks for your consideration.

Tim